

SUDBURY CONTACT MINES, LIMITED

ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of Sudbury Contact Mines, Limited (the "Company") will be held at the Saskatchewan Room, Main Mezzanine Floor, Royal York Hotel, 100 Front Street West, Toronto, Ontario on Wednesday, the 29th day of May, 1968 at the hour of 11:15 in the forenoon (Eastern Daylight Saving Time) for the following purposes:

- (1) To receive and consider the financial statements of the Company as at December 31, 1967, together with the report of the auditors thereon;
- (2) To elect directors;
- (3) To appoint auditors; and
- (4) To transact such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED the 3rd day of May, 1968.

By Order of the Board,

JEAN GELLER,
Secretary-Treasurer.

Shareholders who are unable to attend the meeting in person are requested to complete, date, sign and return the enclosed instrument of proxy.

SUDBURY CONTACT MINES, LIMITED

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by the management of Sudbury Contact Mines, Limited (the "Company") of proxies to be voted at the annual meeting of the shareholders of the Company called for the purposes set forth in the accompanying notice of meeting and to be held at the Saskatchewan Room, Main Mezzanine Floor, Royal York Hotel, 100 Front Street West, Toronto, Ontario on May 29, 1968, and at any adjournment or adjournments thereof. Solicitation will be by mail, possibly supplemented by telephone or other personal contact by the directors of the Company. The cost of such solicitation will be borne by the Company.

REVOCATION OF PROXY

A shareholder executing the accompanying instrument of proxy has the power to revoke it at any time before it is exercised by giving notice in writing of such revocation to the Secretary-Treasurer of the Company or to the Chairman of the meeting.

VOTING SHARES

The authorized capital of the Company consists of 6,000,000 shares with a par value of \$1.00 each of which 4,955,000 shares are presently outstanding. Shareholders of record at the time of the meeting are entitled to one vote for each share held.

To the knowledge of the directors and senior officers of the Company the only person or corporation which beneficially owns, directly or indirectly, more than 10% of the outstanding shares of the Company, is Mentor Exploration and Development Co. Limited which owns 985,582 (19.73%) of the outstanding shares of the Company.

ELECTION OF DIRECTORS

It is proposed that the following persons will be nominated for election as directors of the Company to hold office from the date of election until the first following annual meeting of shareholders of the Company or until their respective successors shall be elected or appointed. The following is information concerning the proposed nominees for election as directors. Information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually. In the event that any vacancies occur in the proposed slate of nominees listed below prior to the annual meeting of shareholders, it is intended to exercise the discretionary authority conferred by the accompanying instrument of proxy to vote for the election of any other person or persons as directors. Management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in Which Nominee has Served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During Past 5 Years</u>
Paul Penna	President	Since October 7, 1964.	501	Executive, Jakmin Investments Limited.
A. Basen	None	Since April 25, 1967.	1	Executive, American Louver of Canada Limited.

<u>Name</u>	<u>Other Positions and Offices Presently Held in the Company</u>	<u>Period in Which Nominee has Served as Director of the Company</u>	<u>No. of Shares of the Company Beneficially Owned</u>	<u>Principal Occupation at Present and During Past 5 Years</u>
R. F. Righton	None	Since December 9, 1966.	1	Barrister, Shibley, Righton & McCutcheon (1964 to date); White, Bristol, Beck & Phipps (1955-1964).
W. L. Hogarth, Jr.	None	Since October 7, 1964.	1	Executive, Associated Arcadia Nickel Corporation Limited.
Samuel Geller	None	Since January 30, 1968.	1	President, College Girls Coats Company Limited (until March 1968); Proprietor, Mayles', Mens & Boys Wear (March 1968 to date).

Jakmin Investments Limited is engaged in the securities business as an underwriter and investment company.

American Louver of Canada Limited is engaged in the manufacture of plastic ceiling louvers.

Messrs. Shibley, Righton & McCutcheon and Messrs. White, Bristol, Beck & Phipps are firms of barristers and solicitors.

Associated Arcadia Nickel Corporation Limited is a mining company.

College Girls Coats Company Limited is no longer in business.

Mayle's Mens & Boys Wear is a retail clothing store.

REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable to the directors and senior officers of the Company, as such, during the financial year of the Company ended December 31, 1967 was \$100.

Jakmin Investments Limited provides head office, accounting and secretarial service to the Company at a fee of \$500 per month. For the financial year of the Company ended December 31, 1967 the fee for these services amounted to \$4,800. Mr. Paul Penna is the principal shareholder of Jakmin Investments Limited.

APPOINTMENT OF AUDITORS

Action is to be taken at the meeting with respect to the appointment of the firm of Starkman, Kraft, Rothman, Berger & Grill as the auditors of the Company.

GENERAL INFORMATION

Information contained herein is given as of April 24, 1968. Management knows of no matters to come before the annual meeting of shareholders other than the matters set forth in the enclosed notice of meeting. Receipt at the meeting of the financial statements of the Company as at December 31, 1967 and the report of the auditors thereon will not constitute approval or disapproval of such financial statements and report.

April 24, 1968.

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Sudbury Contact Mines Limited

Semi-Annual Report To Shareholders

Six Month Period

Ended June 30, 1968

Sudbury Contact Mines Limited

To the Shareholders:

The comparative financial statement for the six months ended June 30, 1968, is attached.

Development operations are continuing on a modest scale at the Provincial Mining Property in the Cobalt Area, Ontario, consisting principally of cleaning up available mill rock which is being stockpiled for future treatment at the Agnico Mines' mill under a custom milling arrangement.

During the period under review, your company acquired a group of 21 unpatented mining claims in Louvicourt Township, Quebec, following initial reports of a significant copper discovery at the property held under option by the Quebec government-owned Quebec Mining Exploration Co. (Soquem) early last May. The discovery area is approximately three to four miles southwest of the southernmost boundary of your company's claim group.

Subsequent developments on the Soquem discovery indicated the original find was somewhat limited in extent, although quite recently further encouragement has been reported in the exploration program which is continuing, utilizing four drill machines.

No immediate work is planned for this recently acquired property in Louvicourt Township pending the outcome of exploration on adjacent and/or nearby properties.

Subsequent to the publication of the company's Annual Report (April 22, 1968) a further 15,100 shares of Eagle Gold Mines Limited were sold for a total of \$71,891.20, reducing the company's holdings in Eagle Gold Mines Limited to a current total of 54,900 shares. The net effect of these transactions is that your company has more than recovered the cost of the original block of 100,000 shares, with its present holding representing an approximate value of \$275,000 on the basis of the quoted market value of Eagle Gold Mines' shares as of August 21, 1968.

Shaft sinking operations have now been completed at the gold property of Eagle Gold Mines Limited in Joutel Township, Quebec, and a program of development work on five levels is scheduled to commence before the end of August, 1968.

Working capital at June 30, 1968, amounted to \$350,727 principally consisting of marketable securities including shares of Mentor Exploration and Development Co. Limited and in Eagle Gold Mines Limited, which were valued at the lower of cost or market value.

On behalf of the Board of Directors,

"PAUL PENNA"

August 22, 1968

President

Sudbury Contact Mines Limited

STATEMENT OF INCOME

For the Six Months Ended June 30, 1968

(With Comparative Figures for the Six Months Ended June 30, 1967)

	1968	1967
Revenue		
Interest and dividends	\$ 1,597	\$ 141
Profit on sale of marketable securities	112,354	1,440
	<u>\$ 113,951</u>	<u>\$ 1,581</u>
Expenses		
Administration, office and accounting	\$ 3,000	\$ 3,300
Shareholders' information	1,903	1,622
Legal and audit	113	—
Transfer agents' fees	1,086	678
Directors' fees	600	100
Interest and bank charges	509	810
Depreciation, office furniture	76	76
Miscellaneous	576	189
	<u>\$ 7,863</u>	<u>\$ 6,775</u>
Net Profit (Loss) for Period	<u>\$ 106,088</u>	<u>\$ (5,194)</u>

Sudbury Contact Mines Limited

STATEMENT OF MINING CLAIMS AND PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

For the Six Months Ended June 30, 1968

(With Comparative Figures for the Six Months Ended
June 30, 1967)

	1968	1967
Cost of mining claims and properties at beginning of period	\$1,016,476	\$1,016,476
Options on mining claims acquired during the period	6,500	—
Cost of mining claims and properties at end of period	\$1,022,976	\$1,016,476
Deferred exploration expenditures at beginning of period	\$ 253,937	\$ 259,730
Expenditures During Period		
Provincial Mining		
Property, Cobalt:		
Wages	\$ 20,544	\$ 19,766
Light and power	2,291	1,997
Royalties	1,000	1,000
Insurance and workmen's compensation	1,207	827
Cartage	17	47
Employees' benefits	423	451
Drilling	1,664	—
Engineering and consulting fees	325	278
Depreciation, equipment	2,125	2,189
Supplies and tools	1,487	757
Fuel, oils and explosives	2,095	1,646
Equipment rentals	225	2,049
Assays	402	178
Other	—	84
	\$ 33,805	\$ 31,269
Less: Production of metals (net of milling and transportation expenses)	5,402	41,775
	\$ 28,403	\$ (10,506)
Other Properties		
Mining taxes	57	180
	\$ 28,460	\$ (10,326)
Deferred exploration expenditures at end of period	\$ 282,397	\$ 249,404
Mining claims and properties and deferred exploration expenditures at end of period	<u>\$1,305,373</u>	<u>\$1,265,880</u>

Sudbury Contact Mines Limited

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STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Six Months Ended June 30, 1968

(With Comparative Figures for the Six Months Ended
June 30, 1967)

	1968	1967
Funds Made Available By Operations		
Net profit (loss) for period	\$ 106,088	\$ (5,194)
Depreciation, which does not involve an outlay of funds	76	76
	<u>\$ 106,164</u>	<u>\$ (5,118)</u>
Funds Applied		
Exploration expenditures	\$ 28,460	\$ (10,326)
Less: Depreciation, which does not involve an outlay of funds	2,125	2,189
	<u>\$ 26,335</u>	<u>\$ (12,515)</u>
Purchase of equipment	—	884
Option on mining claims	6,500	—
Advance to prospecting syndicate	* 250	—
Investment in and advances to other companies	1,010	—
	<u>\$ 34,095</u>	<u>\$ (11,631)</u>
Increase in Working Capital	\$ 72,069	\$ 6,513
Working capital at beginning of period	<u>278,658</u>	<u>315,609</u>
Working capital at end of period	<u>\$ 350,727</u>	<u>\$ 322,122</u>
Current Assets	\$ 358,434	\$ 379,700
Current Liabilities	7,707	57,578
	<u>\$ 350,727</u>	<u>\$ 322,122</u>

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SUDBURY CONTACT MINES

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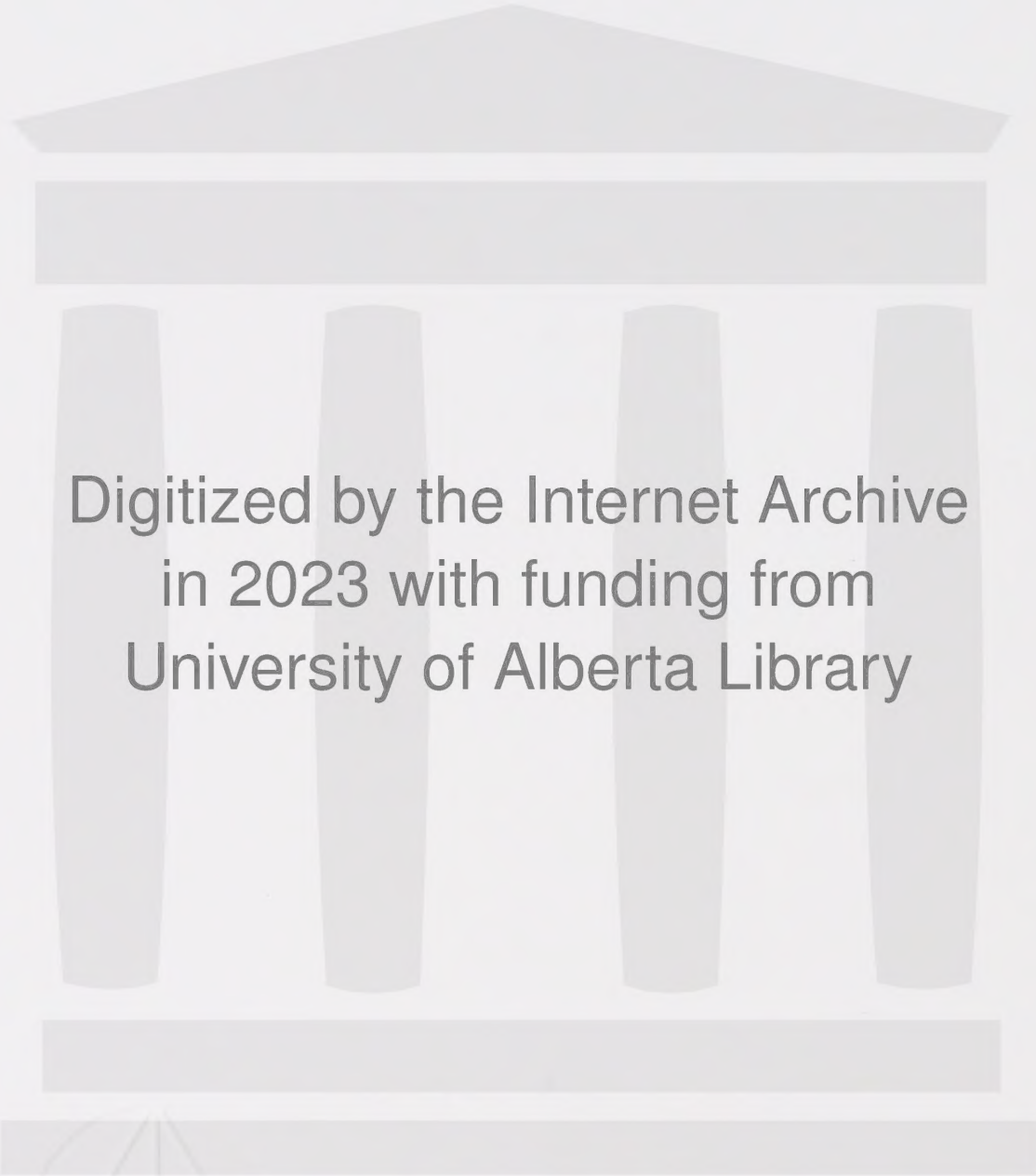


ANNUAL REPORT

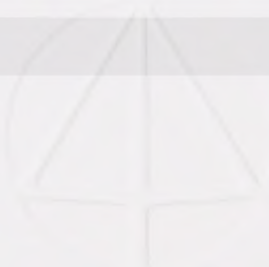


F O R T H E Y E A R E N D E D D E C E M B E R 3 1 S T

1968



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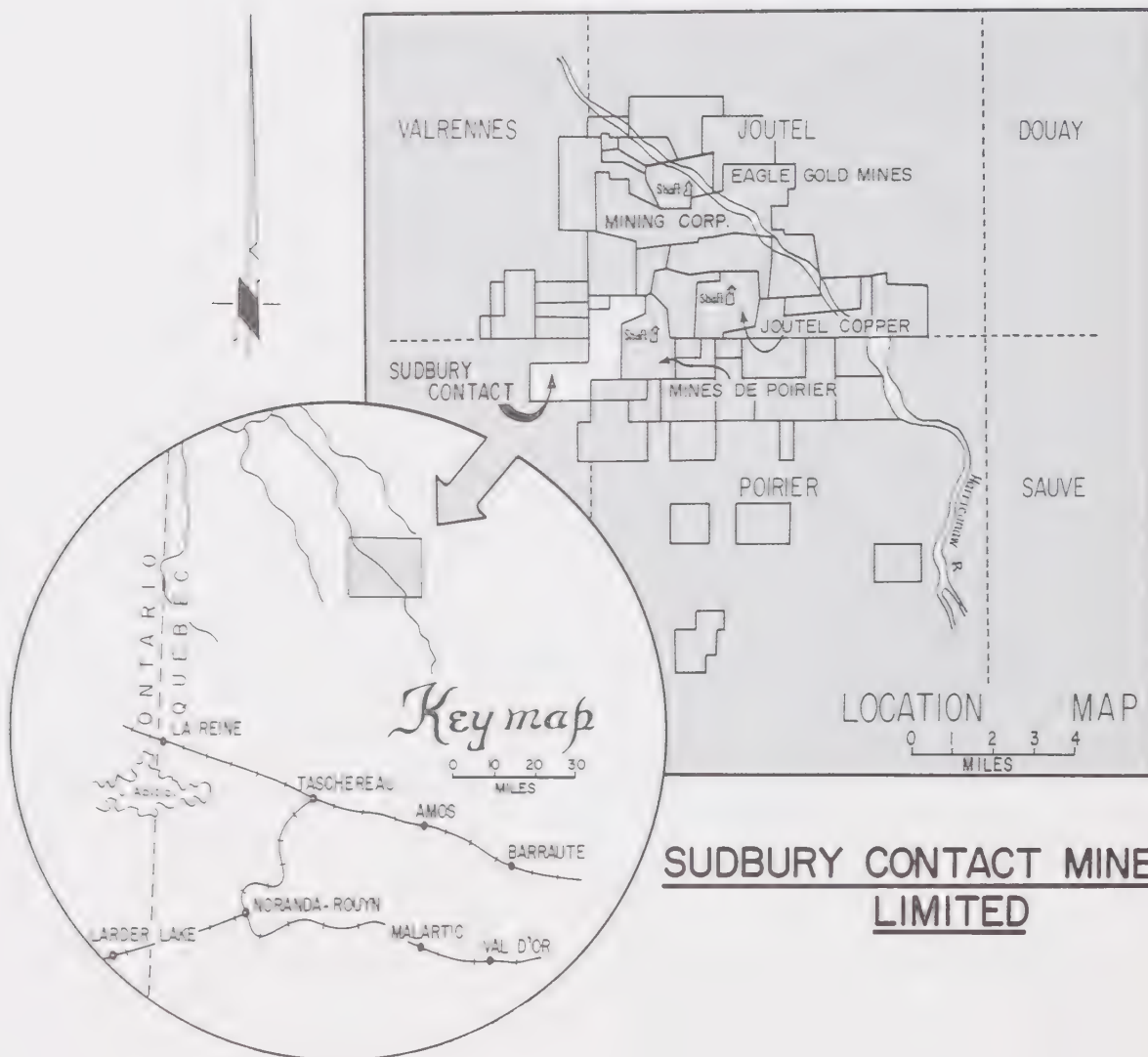


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SUDBURY CONTACT MINES, LIMITED

(Incorporated under the Laws of the Province of Ontario)

Executive and Head Office	Suite 1101, 365 Bay Street TORONTO, ONTARIO
Directors	ARCHIE BASEN SAMUEL GELLER WM. L. HOGARTH, JR. PAUL PENNA RUPERT F. RIGHTON
Officers	PAUL PENNA, <i>President</i> JEAN GELLER, <i>Secretary-Treasurer</i>
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, Ontario
Shares Listed	Toronto Stock Exchange, Toronto, Canada
Annual Meeting	June 17, 1969, 10:15 a.m. (Toronto Time), British Columbia Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario



SUDBURY CONTACT MINES
LIMITED

SUDBURY CONTACT MINES, LIMITED

Directors' Report

To the shareholders:

The Directors present the audited financial statements of the Company for the year ended December 31, 1968, and also the following general review of activities, property interests and principal investment holdings.

During 1968 and in the period to date, your Company has been active in mineral exploration throughout several mining areas. In addition to routine preliminary evaluations of various mining prospects and property submissions, diamond drilling was carried out during the year on an optioned group of claims in Gauvin Township, Chibougamau Area, Quebec.

Currently the Company is engaged in a program of deep diamond drilling on an optioned group of 30 claims in the Joutel Area, Northwestern Quebec. The latter property is adjacent to the west boundary of the copper-zinc producing mine of Rio Algom's Mines de Poirier. More detailed information regarding this project is contained under a separate heading. A map showing the location of the Company's claim group in the Joutel Area is appended to this report.

A group of six claims in the Louvicourt Area of Quebec was taken under option early in 1968 following the reported copper discovery in Louvicourt Township made by Quebec government owned Quebec Mining Exploration Co. (SOQUEM). The option agreement covering this six claim group was terminated by your Company in March, 1969.

Your Company's portfolio of investment securities which includes among other holdings, shares of Eagle Gold Mines Limited, Agnico Mines Limited, and Mentor Exploration and Development Co. Limited, had a quoted market value as at December 31, 1968, amounting to \$873,431. The following is a summary of the Company's principal property interests and investment holdings.

Provincial Mining Property, Cobalt Area, Ontario

The underground program at the Provincial Mining Property, described in the Company's 1967 Annual Report as then essentially a salvage operation, was phased out latterly in 1968. The exploratory underground diamond drilling and development work was considered to have adequately tested all reasonable ore possibilities of this property.

A modest tonnage of ore stockpiled from underground clean-up operations was treated at the nearby Agnico Mines' Penn Mill under a custom milling arrangement. The net proceeds from this tonnage treated amounted to \$4,547 in 1968 while exploration and related expenditures during the same period totalled \$56,818. The comparative figures for 1967 were \$64,023 and \$63,532, respectively.

Joutel Area Property, Northwestern Quebec

As previously mentioned, your Company has acquired an option to purchase a group of 30 contiguous claims in the townships of Joutel, Poirier and Rainboth. A program of diamond drilling consisting of a series of deep holes to test the westerly extension of the east-west trending dacite-rhyolite volcanic rocks which host the copper-zinc orebodies at the adjacent property of Rio Algom's Mines de Poirier, was initiated during February of 1969.

The first hole, located 1,300 feet west of the Mines de Poirier property boundary, was completed to a depth of 2,003 feet. In the first part of the hole, several narrow sections of pyrite mineralization with the occasional trace of chalcopyrite were encountered from 172 to 340 feet and again at 735 feet. The hole intersected a gabbro dike at 1,468 feet and remained in this formation to the end of the hole. Drill hole No. 2, located 1,000 feet east of No. 1 and 300 feet west of the property boundary of Mines de Poirier, was completed to a depth of 1,776 feet. Although no intersections of commercial significance were encountered in this hole, considerable drill footage was in the favorable rhyolite formation. At the time of writing a further hole in this series had reached a depth of 120 feet.

It is of interest to note that a news report in the February 27th, 1969, issue of The Northern Miner, discloses the discovery of a new orebody "containing at least a half million tons grading better than 2% copper" above the 1450 foot level at the Mines de Poirier property. The article describes the new zone as being centred about 2,200 feet west of the shaft and separated from the original copper and zinc zones by a broad feldspar dike. The zone is further described as having a length of approximately 1,200-1,500 feet with a general east-west trend. During 1968 the shaft at the Mines de Poirier property was deepened 989 feet to establish seven new



Shaft headframe and service building at EAGLE GOLD MINES' property showing initial excavation in preparation for construction of foundations for mill complex. Production is scheduled to commence early in 1970.



Core diamond drilling on the 1200 foot ore drift, drill-testing new gold zone encountered east of the gabbro dike.

levels at 150 foot intervals to a bottom level at 2,850 feet.

In addition to the area in close proximity to the boundary of Mines de Poirier where the Company is currently drilling, there is a massive sulphide showing with a trace of copper in the western portion of the 30-claim property which warrants drilling at depth and on strike. Available geological data in the area indicates that the rhyolite-dacite volcanic rocks extend westerly across the Company's property.

Gauvin Township, Chibougamau Area, Quebec

Diamond drilling was carried out on this optioned group of 25 claims to test a broad conductive zone outlined by electromagnetic survey. The property adjoins to the south and east of Icon Syndicate's copper mine. Nothing of commercial importance was encountered in the approximate 1,400 feet of drilling completed, consequently the option agreement was terminated.

Eagle Gold Mines Limited

Your Company presently holds 54,900 shares of Eagle Gold Mines Limited which on the basis of recent market quotations (\$7.25 per share on May 12, 1969) would represent a value of close to \$400,000. Proceeds from the sale of shares during 1968 approximate the original total investment in Eagle Gold Mines Limited with the result that the present holding of 54,900 shares is retained at virtually no cost.

Sinking of the three compartment shaft on the Joutel Area property of Eagle Gold Mines Limited was completed to a depth of 1,860 feet during July of 1968. Twelve level stations were cut at 150 foot intervals down to the 1,800 foot horizon and development work is now in progress on six levels from the 750 to the 1,500 foot horizons.

As previously reported, surface diamond drilling indicated ore reserves estimated at 1,600,000 tons averaging 0.41 ounce of gold per ton across a width of 13.1 feet between the approximate 300 foot horizon down to the then maximum tested depth of 1,500 feet. Alternatively, using a lower cut-off grade and including some lower grade ore, the surface drill indicated reserves were estimated at 2,240,000 tons averaging 0.345 ounce of gold per ton. Both estimates include a 15% allowance for dilution.

Although the present underground development is not sufficiently advanced to permit a recalculation of estimated grade and tonnage, current underground results indicate a probable substantial increase in tonnage with a moderate reduction in grade. Significant extensions to the gold-bearing zone have been indicated on the three levels which to date have been driven

beyond the outline of the ore zone defined by earlier surface diamond drilling.

Of particular interest is the area east of the gabbro dike where the drift on the 1,200 foot level has indicated by diamond drilling two ore lenses totalling 275 feet in length and grading 0.305 ounce of gold per ton. This gold-bearing zone east of the gabbro dike represents an entirely new area never included in previous ore estimates. The vertical continuity of this new zone will be initially tested by drives on the 1,050 and 1,350 foot levels.

Excavation work is now in progress at the minesite in preparation for the foundation work for the mill building complex scheduled for this summer with production planned to commence early in 1970. Present engineering envisages a milling plant with an initial capacity of 800 tons per day. This planned treatment rate may be varied based upon the results of the continuing underground development work.

General

Your Company retains the 10% interest in the Dickson-Yukon Prospecting Syndicate. This Syndicate, as previously reported, sold a group of 127 claims in the Vangorda Area to Pelly River Mines Limited. As a result of recent negotiations, the Syndicate has acquired a further 100,000 shares of Pelly River Mines Limited, therefore your Company's participating interest is now equal to 10% of the 500,000 shares of Pelly River Mines Limited held by the Dickson-Yukon Prospecting Syndicate. The Syndicate has recently caused the incorporation of Rose Creek Vangorda Mines Limited, a private company formed for the purpose of engaging in mining exploration, with an authorized capital of 200,000 no par value shares of which 96,000 shares have been allotted to the subscribers to the Syndicate. A block of 9,600 shares of Rose Creek Vangorda Mines Limited has been allotted to your Company.

In addition to its investment holding of 54,900 shares of Eagle Gold Mines Limited, your Company also holds 71,100 shares of Agnico Mines Limited, 277,310 shares of Mentor Exploration and Development Co. Limited, and miscellaneous minor investments in other companies.

It is with the deepest regret that your Directors record the death on January 15, 1969, of Mr. Walter F. Brown, B.Sc., P.Eng., who for many years acted as consulting mining engineer, effectively planning and supervising the Company's exploration activities.

On behalf of the Board,

"PAUL PENNA"

May 12, 1969.

President.

BALANCE SHEET — *December 31, 1968*

(with comparative figures as at December 31, 1967)

ASSETS

CURRENT ASSETS

Cash	.....
Deposit receipt	.....
Marketable securities, at lower of cost and market (market value 1968, \$873,431; 1967, \$512,961)	.....
Metal settlement receivable	.....
Accrued interest receivable	.....
Prepaid expenses	.....

FIXED ASSETS, at cost

Equipment	.....
Office furniture	.....

Less: Accumulated depreciation

Mining Claims and properties

OTHER ASSETS

Deferred exploration expenditures	.....
Interest in prospecting syndicates, at cost	.....
Unlisted and escrowed securities, at nominal value	.....

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	.....
Brokers' advances, against which certain securities have been pledged	.....

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 6,000,000 shares, par value \$1 per share	
Issued — 4,986,250 shares (1967 — 4,955,000) (Note)	.....
Less: Discount	.....

DEFICIT

Note: During the year the company issued 31,250 shares of its capital stock valued by the directors at \$10,000 in connection with an option on mining claims.

The accompanying notes are an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

(Incorporated under the Laws of the Province of Ontario)

AUDITORS' REPORT TO THE SHAREHOLDERS

1968	1967
\$ 3,016	\$ 5,231
50,247	—
253,813	310,474
4,547	16,618
252	—
2,390	1,670
<u>\$ 314,265</u>	<u>\$ 333,993</u>
\$ 21,269	\$ 21,269
1,526	1,526
\$ 22,795	\$ 22,795
16,943	12,718
\$ 5,852	\$ 10,077
1,017,476	1,016,476
<u>\$1,023,328</u>	<u>\$1,026,553</u>
\$ 318,382	\$ 253,937
9,600	9,600
1	1
<u>\$ 327,983</u>	<u>\$ 263,538</u>
<u>\$1,665,576</u>	<u>\$1,624,084</u>

We have examined the balance sheet of Sudbury Contact Mines Limited as at December 31, 1968 and the statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Starkman, Kraft, Rothman, Berger & Grill
Chartered Accountants

Toronto, Ontario,
April 1, 1969.

\$ 4,702	\$ 5,193
—	50,142
<u>\$ 4,702</u>	<u>\$ 55,335</u>

\$4,986,250	\$4,955,000
3,050,750	3,029,500
<u>\$1,935,500</u>	<u>\$1,925,500</u>
274,626	356,751
<u>\$1,660,874</u>	<u>\$1,568,749</u>
<u>\$1,665,576</u>	<u>\$1,624,084</u>

Approved on behalf of the Board,

PAUL PENNA, Director.

SAMUEL GELLER, Director.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF INCOME

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
REVENUE		
Production of metals (net of milling and transportation costs)	\$ 4,547	\$ 64,023
Interest and dividends	3,613	252
	<u>\$ 8,160</u>	<u>\$ 64,275</u>
EXPENSES		
Administration, office and accounting	\$ 6,000	\$ 6,600
Shareholders' information	3,204	2,140
Transfer agent fees	2,070	1,138
Legal and audit	2,860	2,210
Interest and bank charges	607	2,613
Directors' fees	550	100
Depreciation, office furniture	152	152
Miscellaneous	2,091	835
	<u>\$ 17,534</u>	<u>\$ 15,788</u>
Deferred exploration expenditure written off	4,547	64,023
	<u>\$ 22,081</u>	<u>\$ 79,811</u>
Profit (loss) on sale and revaluation of marketable securities (net)	113,611	(25,696)
	<u>\$ (91,530)</u>	<u>\$ 105,507</u>
NET INCOME (LOSS) FOR THE YEAR	<u>\$ 99,690</u>	<u>\$ (41,232)</u>

STATEMENT OF DEFICIT

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
Deficit at beginning of year	\$ 356,751	\$ 309,864
Exploration expenditures written off	—	5,655
Option on claims written off — Louvicourt Area, Quebec	17,565	—
	<u>\$ 374,316</u>	<u>\$ 315,519</u>
Net income (loss) for the year	99,690	(41,232)
DEFICIT AT END OF YEAR	<u>\$ 274,626</u>	<u>\$ 356,751</u>

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

EXPENDITURES DURING YEAR	1968	1967
Provincial Mining Property, Cobalt		
Wages	\$ 32,966	\$ 39,189
Light and power	3,249	3,854
Drilling	2,832	781
Fuel oils and explosives	2,786	2,570
Equipment rentals	2,600	1,366
Supplies and tools	1,619	5,546
Insurance and workmen's compensation	2,215	2,183
Assays	519	320
Royalties	2,000	2,000
Cartage	43	86
Employee benefits	753	751
Engineering and consulting fees	725	628
Depreciation, equipment	4,072	4,254
Other	439	4
	<u>\$ 56,818</u>	<u>\$ 63,532</u>
Chibougamau		
Diamond drilling, assaying and general field expense	\$ 7,490	
Wages	1,040	
Consulting	650	
General expenses	1,674	
	<u>\$ 10,854</u>	<u>—</u>
Other Properties		
General and consulting	\$ 1,320	\$ 353
	<u>\$ 68,992</u>	<u>\$ 63,885</u>
Deferred exploration expenditures at beginning of year	253,937	259,730
	<u>\$ 322,929</u>	<u>\$ 323,615</u>
Expenditures on Donrand Mines working option written off	—	\$ 5,655
Portion of deferred exploration expenditures applied against production income	\$ 4,547	64,023
	<u>\$ 4,547</u>	<u>\$ 69,678</u>
	<u>\$ 318,382</u>	<u>\$ 253,937</u>

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

Fairbanks Township	\$ 64,082	\$ 64,082
Cobalt Township	185,276	133,005
Montgomery Township	56,731	56,731
Thunder Bay	126	119
Chibougamau Township	10,854	—
Other	1,313	—
	<u>\$ 318,382</u>	<u>\$ 253,937</u>

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Net income (loss) for the year	\$ 99,690	\$ (41,232)
Add items which do not involve an outlay of funds		
— depreciation	153	152
— deferred exploration expenditures written off	4,547	64,023
	<u>\$ 104,390</u>	<u>\$ 22,943</u>
APPLICATION OF FUNDS		
Exploration expenditures	\$ 68,992	\$ 63,885
LESS: Depreciation which does not involve an outlay of funds	4,072	4,254
	<u>\$ 64,920</u>	<u>\$ 59,631</u>
Purchase of mining claims	8,565	—
Purchase of equipment	—	263
	<u>\$ 73,485</u>	<u>\$ 59,894</u>
Increase (decrease) in working capital	\$ 30,905	\$ (36,951)
Working Capital at beginning of year	278,658	315,609
Working Capital at end of year	<u>\$ 309,563</u>	<u>\$ 278,658</u>

The pictures reproduced alongside and below are from underground at the Joutel Township property of EAGLE GOLD MINES LIMITED in which Mentor has an equity interest amounting to 501,696 shares. The scene alongside shows diamond drilling in the development heading on the 12-2-22 East ore drift which is testing the new gold-bearing zone encountered east of the gabbro dike on the 1200 foot level. This is an entirely new zone considerably beyond the previous ore limit as defined by surface diamond drilling. This new zone has been tested by diamond drilling over a strike length of some 400 feet outlining two ore lenses totalling 275 feet in length and grading 0.305 ounce of gold per ton. The vertical continuity of this new zone east of the gabbro dike is now being tested by footwall drifts on the 1050 and 1350 foot levels.

The picture below shows waste being dumped into the lip pocket at the 1710 foot elevation.



